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DOS review completed

EUROPE

1. ITALY: De Gasperi encouraged over electoral chances --According to Ambassador Caffery, French Foreign Minister Bidault reports that De Gasperi appears encouraged over prospects in the coming Italian elections. Bidault reported that De Gasperi expects to win as many seats as the Communist-Nenni Socialist combination. Ambassador Kirk reports that although Belgian Foreign Minister Spaak fears the Italian Communists will poll somewhat more than 30% of the vote, he feels that, as long as Communists remain in the minority, there would be no reason for De Gasperi to take them into the Italian Government.

(CIA Comment: CIA believes that the recent Trieste proposal has weakened the Italian Communist position in Italy and that De Gasperi has grounds for feeling encouraged; [REDACTED])

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Government opposed to probe of Satellite forces --Italian Minister of Interior Pacciardi is reported by US Embassy London to have declared recently that the Italian police is "an effective fighting unit equipped with all sorts of arms and has had battle training for use in quelling civil disturbances." Pacciardi consequently expressed the hope that the US and UK will not press the Satellites, principally Bulgaria, for information regarding their para-military organizations with a view to accusing them of treaty violations. The Embassy reports that the UK Foreign Office concurs in Pacciardi's fear that the USSR might retaliate by making accusations regarding the Italian police.

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(CIA Comment: Pacciardi's anxiety is based on the fact that the Italian Army and the Carabinieri (National Police), in anticipation of possible Communist insurrection, currently exceed the peace treaty ceiling of 250,000.)

2. AUSTRIA: Possible Soviet course in treaty negotiations --The US deputy to the Austrian treaty discussions believes that when these discussions are resumed the USSR will either:

State Dept. declassification & release instructions on file

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Document No. 069

NO CHANGE in Class. ☐ 25X1

☐ DECLASSIFIED

Class. CHANGED TO: TS S 6

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1733

Date: 13 MAR 1978 By: [REDACTED]

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(a) make a further minor modification of its position and thus increase pressure from Austria for acceptance of Soviet terms; or (b) stand firm on its present position and let the western powers take the initiative in breaking off the discussions. The US deputy remarks that the French and UK delegates are not disposed to make further concessions. The US delegation feels that the US position has not been strengthened by the London discussions and that continuance of these discussions will not be helpful.

(CIA Comment: The USSR probably will make further minor compromises as a means of prolonging negotiations and placing the onus of responsibility on the western powers for the eventual breakdown in the treaty negotiations.)

Effect of treaty discussions on Austrian Socialists -

The US delegation to the Austrian treaty negotiations reports that Austrian Socialist leaders now in London consider that the Austrian treaty "must be obtained at any cost." The Socialists apparently believe that the US does not desire to conclude a treaty at this time. The US delegation observed that if this Socialist interpretation of the US position is official, it raises a serious question concerning the possible impact of any break in the London negotiations on the Austrian Socialist Party.

(CIA Comment: While the prospect of prolonged quadripartite occupation will be discouraging to both major parties of the Austrian coalition Government, CIA doubts that a breakdown in the present treaty discussions, of itself, will precipitate a collapse of the coalition.

Recommendations to counter possible Soviet action -

US Legation Vienna suggests that, in the event of a breakdown in the London negotiations, the US take the following short-term action to counter possible Soviet moves in eastern Austria: (a) establish promptly a food reserve in Vienna to enable the US to assist the Socialists in retaining control of the trade unions; (b) distribute arms, including automatic weapons, to the Austrian police; and (c) at the close of the negotiations, join with France and the UK in issuing a statement that the

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three powers will remain in Austria until a satisfactory treaty is concluded and will meanwhile take all necessary measures to assist Austria to preserve its independence, sovereignty, and unity.

(CIA Comment: CIA believes that these measures can effectively check Communist action in eastern Austria, so long as the USSR continues to assume a relatively passive role.)

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